

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7297

BILL NUMBER: HB 1477

NOTE PREPARED: Apr 10, 2013

BILL AMENDED: Apr 9, 2013

SUBJECT: Beauty Culture Professionals.

FIRST AUTHOR: Rep. Wolkins

FIRST SPONSOR: Sen. Head

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Beauty Culture Professional*- The bill uses the term "beauty culture professional" when referring to barber, cosmetology, esthetician, manicurist, and electrology licenses collectively.

Combines Licenses- The bill combines the barber and cosmetology school salon and instructor licenses into beauty culture licenses. It provides for barber programs in beauty culture schools.

Compliance Fund- The bill creates the State Board of Cosmetology and Barber Examiners Compliance Fund (Compliance Fund).

Combines Licenses- The bill repeals the instructor and barber instructor license and combines the licenses into a single instructor license. The bill repeals the following school licenses and combines them into beauty culture schools: (1) barber; and (2) cosmetology. The bill repeals the following salon licenses and combines them into a single beauty culture salon license: (1) electrology salon; (2) cosmetology salon; (3) esthetic salon (4) manicurist salon; and (5) barber shop.

Temporary Work Permits- The bill repeals temporary work permits for: (1) cosmetology; (2) electrology; (3) esthetics; and (4) manicuring.

Board Sets Hours- The bill repeals provisions setting the number of hours of instruction in electrology required in order to perform electrolysis and allows the Board to set the number of hours required.

Additional Repealers- The bill repeals provisions that allow the Board to waive certain licensing requirements

for licensure as a cosmetologist. The bill repeals provisions concerning limits on reexamination for a manicurist license, and provides that the Board sets standards for reexamination. The bill repeals the following temporary licenses: (1) barber; (2) barber instructor; and (3) esthetician. The bill makes conforming changes.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Board Sets Hours-* The Board would likely be able to set the number of hours for electrolysis instructional training within the regularly scheduled meetings of the Board. The Board met six times during CY 2012.

Combines Licenses- This provision would likely not reduce Professional Licensing Agency (PLA) expenditures to process licenses in the future. However, it may reduce the processing time with respect to the renewal of cosmetology and barber licenses in the future. Any savings from combining the licenses could be reduced to the extent that the PLA has to revise software and alter other processing equipment in order to combine the various licenses. Any impact would depend on further administrative action.

Temporary Work Permits- The removal of temporary work permits could reduce PLA expenditures to process these types of documents. However, the savings would likely be minimal and absorbed by the processing of regular cosmetology and barber licenses.

Compliance Fund- The PLA would be required to administer the Compliance Fund. Expenditures to administer the Compliance Fund would be covered from money in the Compliance Fund. The Compliance Fund would be used to provide money for the administration and enforcement of beauty culture licensing law. Enforcement would include investigations of potential violations. The Attorney General may see a reduction in cases to investigate as the Board takes on investigation powers.

Background Information- The following table shows the active count of beauty culture licenses.

Table A. Cosmetology and Barber Licenses: Active, Renewals, & Initial Issues CY 2012.			
License	Number Active September 2012	Renewals From January through December 2012	Initial Licenses Issued From January through December 2012
Barber	3,566	953	88
Barber Instructor	85	19	11
Barber Shop	1,473	179	125
Barber School	16	0	3
Esthetician	2,393	329	253
Cosmetologist	43,927	9,144	2,255
Manicurist	5,399	968	416
Salons	8,437	1,540	811
Beauty Culture Instructor	1,152	222	93
Electrologist	94	27	1
Cosmetology School	89	15	6

Explanation of State Revenues: *Compliance Fund-* Revenue within the Compliance Fund would consist of civil penalties assessed on a licensee for violations. Civil penalties would not exceed \$500 per violation. The violations that could be penalized include any provision under IC 25-8-14-5, failure to display a license, failure to continue to meet licensure requirements, engaging in beauty culture outside a beauty culture salon, and operating a tanning facility without a license. Money in the Compliance Fund would not revert to the state General Fund at the end of a state fiscal year unless the balance in the fund exceeds \$750,000 net of claims and expenses. In such case, the balance exceeding \$750,000 would revert to the state General Fund.

Temporary Work Permits- If the most recent fiscal year trend continued into FY 2013 and beyond the state General Fund would lose approximately \$25,900 per fiscal year from the elimination of temporary work permits for the cosmetology professions.

Background Information- Limited temporary permits for the cosmetology professions are currently \$50. There were approximately 518 cosmetology temporary work permits issued during FY 2012. At \$50 per permit, the approximate revenue from these permits was \$25,900. Temporary permits have a duration of the earlier of either three months from the date of issuance or thirty days after the license holder takes the applicable examination.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency, State Board of Cosmetology and Barber Examiners; Attorney General's Division of Consumer Protection.

Local Agencies Affected:

Information Sources: Professional Licensing Agency.

Fiscal Analyst: Chris Baker, 317-232-9851.